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# STAFF NOTES:

## Latin American Trends

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**SECRET****LATIN AMERICAN TRENDS**

This publication is prepared for regional specialists in the Washington community by the Western Hemisphere Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Brazil: Reform In The Government Party?

President Geisel has announced that he has no intention of revamping the current two-party system before the municipal elections in 1976. This statement may have been designed to put an end to recent speculation that Geisel--dissatisfied with the party's showing in last November's congressional elections --was preparing to change or even dissolve the party.

It is more likely, however, that the President's announcement, by leaving open the possibility of eventual political changes, was intended to signal his displeasure over the party's electoral reverses and its subsequent sluggish performance in congress. The reference to next year's municipal elections is a clear sign that Geisel expects the party to begin working now to avoid a repetition of last year's losses. Geisel probably hopes that the threat of extinction will bring together the party's many factions.

Strong criticism has been leveled at the former president of the party for supporting some candidates who lacked strong local backing, although he was not alone in misreading local political trends. Many party leaders--perhaps through overconfidence--imposed candidates over the objections of local party leaders, who subsequently displayed little enthusiasm for campaigning.

In any event, Geisel has made his dissatisfaction known. He may be disappointed with the effects of that knowledge, however, since the divisiveness that contributed to the party's losses last year may well prove unchangeable this year. (CONFIDENTIAL)

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Trinidad-Tobago: The "New Colonialism"

In a speech to members of his People's National Movement on April 11, Prime Minister Eric Williams sounded a warning about a "re-colonization" of the Caribbean. Williams' theme was that certain wealthy Latin American countries, mainly Venezuela and Mexico, were trying to establish political and economic hegemony over the former British colonies in the Caribbean. The Prime Minister claimed that unless this trend was halted the Caribbean would soon lose its identity as a region. He pointed, as an example, to how the original idea of creating a Caribbean merchant fleet had now been broadened to the point of including Mexico and countries of Central and South America.

Williams had both historical patterns and personal ambitions in mind when he made the speech. Trinidad has always considered the nearby English-speaking islands to be in its orbit. Williams views himself as the senior statesman and principal architect of integration among the English-speaking former colonies. His country has accumulated considerable capital because of high world prices for petroleum and sugar, and the Prime Minister has ambitious plans to use these funds to bolster Caribbean integration and increase Trinidad's influence in the region. Williams envisions providing direct economic assistance in some cases and providing capital for loans through the Caribbean Development Bank and Inter-American Development Bank in others. His pet program is to provide fertilizer and technical assistance to help make the Caribbean self-sufficient in food.

The prime Minister is annoyed and frustrated by the way his plans have been overshadowed by similar ideas from Venezuela and, to a somewhat lesser degree, by Mexico. In his speech, Williams emphasized that he does not even consider those countries to be members of the Caribbean community, but sees them as outside

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powers with colonial ambitions. He recognizes that Trinidad does not possess the financial resources to compete with those nations, and that most of the Caribbean countries are glad to get assistance from practically anywhere. For example, Jamaica, Trinidad's only economic rival in the English-speaking islands, is increasingly turning to Mexico and Venezuela for assistance with industrial projects, some of which were planned to be carried out in conjunction with Trinidad. Last week Jamaican Prime Minister Manley visited Caracas to sign several trade agreements with Venezuela.

Williams' speech was made to a group of party loyalists, so it is possible that he intended it for domestic political purposes more than as a statement of foreign policy. He also did not hesitate to bend the facts to fit his theory; the idea of a Caribbean shipping venture apparently came from Costa Rica, not from the Caribbean islands. If Williams really intends to push the "re-colonization" line, he will have a forum when the UN Economic Commission for Latin America assembles in Trinidad on May 5.

The reactions of some Venezuelan and Mexican officials suggest that Williams' barbs did hit their targets. A leader of the governing party in Venezuela accused Williams of trying to damage Venezuela's image in Trinidad, and the Mexican secretary of the presidency denied that any imperialist ambitions were behind his country's cooperation with Caribbean countries. Nevertheless, Williams' complaints are not likely to alter the Venezuelan and Mexican governments' policies toward the Caribbean. (SECRET/NO FOREIGN DISSEM)

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Argentina: Politics Before Economics

Political pressures on Mrs. Peron's government continue to stifle efforts to stabilize the domestic economy and bolster Argentina's sagging position in the world market. If the administration continues to give way to wage demands of Peronist labor unions and to ignore the growing financial crisis in manufacturing and agriculture, serious economic deterioration will occur during the latter half of 1975.

Last week the English-language Buenos Aires Herald, one of the few newspapers that dare to criticize the government, commented that "there is still no sign of austerity by the government or the people" despite the fact that "the Argentine economy is in crisis." In a sharply worded editorial, the publication deplored the decision of Labor Minister Otero to allow workers at an oil refinery to work a six-hour day at their current wage level. The editorial concluded that "the current economic policy is as full of holes as a sieve."

Although price control measures are now in effect, inflationary pressures continue to be strong and the rise in the cost of living will probably exceed 40 percent this year. Most of the benefits of government-sponsored wage hikes are being eaten away, and the diversion of numerous consumer goods into the black market is creating shortages and widespread public discontent.

An even more serious problem is Argentina's worsening balance of payments position--expected to produce a \$600-million deficit this year. The value of agricultural exports, the largest earner of foreign exchange, has declined steadily in recent months. While the devaluation of the peso last month has helped strengthen the competitive position of manufactured goods, it has done little to improve the prospects for

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grain and meat exports. The value of grain sales will decline about 40 percent this year as a result of poor harvests and lower prices in the world market. Beef prices are also depressed and are not expected to improve appreciably due to the world-wide recession and the reduced demand for beef.

The government's inability to cope with the present situation has contributed to a growing mood of pessimism regarding both the economy and the administration's capabilities. Argentina will probably be forced to pay a heavy price in terms of stagnating or declining production in the months ahead. The consequent increases in unemployment and losses in real income will exacerbate political problems for Mrs. Peron's already shaky government and could trigger a major crisis. (CONFIDENTIAL)

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Argentina: Peronists Expel Campora

Peronist leaders have formally expelled ex-President Hector Campora from the party ranks. Although he was Juan Peron's choice as a surrogate chief executive when the Peronists returned to power two years ago, he soon came under attack from conservatives for his willingness to execute policies promoted by youth leaders and left-wing Peronists in his administration. After being forced to step down in favor of Peron, he was sent into unofficial exile as ambassador to Mexico. Shortly after Peron's death, he was replaced as ambassador and warned that his life would be in jeopardy if he returned to Argentina.

This latest blow is an obvious act of retaliation for Campora's expressions of support for the recently formed "authentic" Peronists--the group that opposed the orthodox standard-bearers in provincial elections in Misiones Province earlier this month. While it is unlikely that Campora will ever again play a major role in Argentine politics, his purge may further persuade alienated Peronist youth that the only effective political role is one of violent opposition to the present government. (CONFIDENTIAL)

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Grenada: The Opposition

Opposition groups in Grenada are maneuvering to form a united front for the general elections which must be held before March 1977.

The strongest opposition group, the moderately conservative Grenada National Party (GNP), believes that a GNP-led coalition might have a chance of toppling Eric Gairy, the authoritarian and sometimes irrational prime minister. In early April the GNP announced that it had reached an accommodation with the break-away United Peoples Party, and was seeking an understanding with the New Jewel Movement (NJM).

The NJM began in 1972-73 as a small fringe group with an ideological mixture of participatory democracy, social welfarism, trade unionism, xenophobia, and armed struggle. Since mid-1974, however, it has subordinated militant underground activity to more conventional political action and now professes that it will work within the existing order to bring about change. As it has moderated, the NJM has attracted new followers.

The GNP has demanded, as the price of coalition, that the NJM renounce its goals of establishing people's assemblies and nationalizing all banks. Last week the NJM denounced the GNP's conditions but did not reject the possibility of some sort of anti-Gairy alliance.

With this initial rhetorical thrust and parry now on record, the two groups may still be able to develop a common program. In 1973 the GNP endorsed a "People's Charter" containing a legislative system similar to the NJM's people's assemblies. The NJM's demand for bank nationalization, which is directed against foreign owner-

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ship, not domestic private ownership, may be met with a GNP program for greater Grenadian participation and responsiveness to local needs.

Prime Minister Gairy's reaction to an opposition coalition, even one with little chance of unseating him, would probably be heavy-handed. In turn, any pressure that he might bring to bear on the NJM could easily convince the group that it abandoned the armed struggle prematurely and could lead other opposition groups to opt for violence. (SECRET/NO FOREIGN DISSEM)

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### Elections in the Netherlands Antilles

On April 25 voters on the small Dutch Caribbean islands of Curacao, Aruba, and Bonaire will elect new island councils. These bodies pass legislation affecting each island jurisdiction, appropriate money for local purposes, and give a useful profile of grassroots issues.

Curacao The leftist Workers Liberation Front, under the leadership of Wilson "Papa" Godett is likely to gain seats in the 21-member council. Godett's hopes of gaining control of the council as leader of a coalition could be aided by labor's endorsement of him and the expected low turnout of opposition voters. He has also apparently received foreign funding.

Labor unrest, unemployment, inflation, and a dramatic downturn in earnings from both tourism and the oil-refining industry are made to order for Godett's anti-capitalist "New Society" program. There is some suspicion that if Godett achieved power, he might seek an end to the federal structure or even independence from the Netherlands. Two factors that made Godett less attractive to voters wishing to protest economic conditions are the US Export-Import Bank's approval of a \$48-million loan for the construction of a shipyard on the island and the recent settlement of a teachers' strike to the teachers' satisfaction.

Aruba Voters on Aruba will probably give the People's Electoral Movement (MEP), under the leadership of Gilberto Croes at least a working majority in the new council. The MEP opposes continued Aruban association with the central Netherlands Antilles government, but it does not wish to cut the island's ties with The Hague.

There is an element of racism in Aruban politics. Many in the island's majority with European and Carib Indian ancestries resent black officials in the federal

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government who allegedly neglect and misrule Aruba. With the exception of the tourist industry, which is still booming, Aruba suffers from many of the same problems facing its neighbors on Curacao --inflation, unemployment, labor strife, and a decline in oil refinery revenues.

*Bonaire* Voters on Bonaire are expected to return the incumbent administration to office. The Bonaire Patriotic Union under the young and dynamic L.R. Ellis may receive a somewhat smaller majority vote than in the 1973 elections, however. Three other parties are contesting the nine seats on the Island Council. If past experience is repeated, better than 90 percent of the 4600 registered voters will cast ballots.

Bonaire is enjoying an unprecedented economic boom. Unemployment now stands at 4 percent, down from a high of 26 percent last year. A \$35-million terminal for the transfer of Middle Eastern oil from supertankers to the smaller ships which serve U.S. east coast ports is under construction and will begin partial operation later this year. In addition, tourism has increased as enthusiasts of scuba diving and other water sports have discovered the island.

These factors of prosperity and dramatically increased employment are likely to make for spirited but orderly electoral competition. (CONFIDENTIAL)

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Ramiro Valdes Appeals to Cuban Youth

In a speech on April 5 commemorating the anniversaries of the Union of Communist Youth (UJC) and the Union of Communist Pioneers (UPC), Political Bureau member Ramiro Valdes reflected Fidel Castro's disappointment with the level of political consciousness among the masses.

Valdes stated that an era has begun in which the struggle against imperialism will be fought on the ideological level. The Cuban leadership fears that its youth are particularly vulnerable to undesirable cultural and ideological influences. It will be the task of the UJC, according to Valdes, to insure the maintenance of a permanent ideological fervor to combat the challenge of ideological penetration.

Valdes emphasized the need to perpetuate an "internationalist" spirit among youth. He said that Cuba will "always be ready to offer the necessary help to people who liberate themselves and who face the tasks of overcoming underdevelopment." This reaffirms the Cuban position--evident for some years --that the Castro regime has shifted its emphasis from assisting the liberation struggle to aiding in overcoming underdevelopment after liberation has been achieved, but adds the new element that this change is being reflected verbally as guidance for Cuban youth.

Youth have also felt the impact of the Cuban emphasis on institutionalization. Valdes announced that the UJC doubled its membership during the last three years, and that it will continue to expand. Valdes revealed that the third congress of the UJC will meet next year in order to implement decisions made at the party congress in December. Preparations will also be made at the UJC congress for the 11th World Youth and Student Congress which will be held in Cuba in 1978.

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The tone of the speech was reflective of a spirit of confidence that has seemed to arise among the Cuban leadership from the knowledge that the years of struggle are behind them and that the future, to quote Valdes, "has never been so promising." (UNCLASSIFIED)

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